

Summary

Governor's 2006 Supplemental Pension Budget

Legislative Changes to Implement Pension Budget

- HB 2503: Creates a Pension Funding Stabilization Account in the state treasury. Moneys in the account [invested by the State Treasurer with earnings retained by the State General Fund] would be used only for the payment of the Plan 1 Unfunded Actuarial Accrued Liability (UAAL) in PERS and TRS.
- SB 6386 Section 714: Re-establishes contribution rates for the UAAL in the Plans 1 of PERS and TRS effective July 1, 2006. (The Governor's six-year outlook assumes these rates implement the first year of a three-year phase-in schedule).
- SB 6386 Section 716: Appropriates \$176 million from the State General Fund to the Pension Funding Stabilization Account. (The Governor's six-year outlook assumes transfers from this account during the 2007- 2009 state fiscal years).

Comparison of Total Employer Contribution Rates*

System	Current Rates	Current Policy 2006-07**	Governor's Proposal 2006-07**
PERS	2.25%	3.50%	4.37%
TRS	2.73%	3.25%	4.54%
SERS	2.75%	3.75%	4.62%

* Excludes the administrative expense rate.

** Excludes the cost of future gain-sharing benefits. Effective 7/1/2006 for PERS; 9/1/2006 for TRS and SERS.

Projected Employer Pension Contributions (Preliminary Estimate; GF-S in millions)*

The table below compares projected employer contributions from the State General Fund under current policy, with and without the cost of future gain-sharing benefits, to projected employer contributions under the Governor's proposed pension budget.

Period	Current Policy without Gain-sharing	Current Policy with Gain-sharing	Governor's Proposal**
2006-07	\$212	\$212	\$264
2007-08	\$416	\$507	\$449
2008-09	\$471	\$566	\$566
2009-10	\$569	\$670	\$670
2010-11	\$601	\$707	\$707

* Includes preliminary estimates for LEOFF, WSP and PSERS.

** Based on the Governor's six-year outlook dated 2/15/2006. Includes cost of future gain-sharing beginning 7/1/2007.

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